

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 11007 200506Z

15

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 AGR-20 EB-11 COME-00 TRSE-00

OMB-01 AID-20 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-13 DRC-01 STR-08 /202 W

----- 012260

R 191740Z SEP 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6870

INFO AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 11007

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: FALL HARVESTED FOODGRAIN PROCUREMENT POLICY

REF: NEW DELHI 10826

BEGIN SUMMARY - AT MEETING IN NEW DELHI ON SEPT 17, MOST STATE CHIEF MINISTERS AGREED NOT TO FOLLOW THROUGH WITH ORIGINAL PLAN TO NATIONALIZE WHOLESALE TRADE OF RICE. TWO STATES, ASSAM AND KERALA, INDICATED THEIR PLANS TO TAKE OVER RICE TRADE AND EXCLUDE WHOLESALE DEALERS. ACTUAL GOVERNMENT PROCUREMENT PRICES OF GRAIN WERE NOT AGREED UPON BUT WILL BE ANNOUNCED SOON. IT WAS THE CONSENSUS OF CHIEF MINISTERS THAT GOVERNMENT PROCUREMENT PRICES SHOULD BE SUBSTANTIALLY HIGHER THAN IN PREVIOUS YEAR. - END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 11007 200506Z

1. ON SEPTEMBER 15 AND 16 THE ALL INDIA CONGRESS COMMITTEE (AICC) MET IN NEW DELHI TO REVIEW THE OVERALL ECONOMIC AND POLITICAL SITUATION INCLUDING FOOD AND AGRICULTURE. IT WAS THE CONSENSUS OF THE AICC THAT THE GOI SHOULD NOT IMPLEMENT ITS EARLIER ANNOUNCED POLICY OF NATIONALIZING WHOLESALE TRADE IN RICE AT THIS TIME. THE RESOLUTION ON ECONOMIC POLICY ADOPTED BY THE AICC INCLUDED A RECOMMENDATION ON GRAIN PROCUREMENT BY CONGRESS-GOVERNED STATES WHICH ENCOMPASSES THE FOLLOWING ALTERNATIVES:

A. GOVERNMENT TAKEOVER OF WHOLESALE TRADE IN RICE,

B. GRADED PROCUREMENT LEVY ON PRODUCERS,

C. PROCUREMENT LEVY ON RICE PROCESSING PLANTS OF

D. A COMBINATION OF B AND C ABOVE.

2. THE STATE CHIEF MINISTERS MET IN NEW DELHI ON SEPTEMBER 17 TO DISCUSS THE FOODGRAIN SITUATION, TO FORMULATE A FOODGRAIN PROCUREMENT POLICY FOR THE APPROACHING FALL HARVESTED GRAIN CROPS AND TO REVIEW THE RESOLUTION ADOPTED BY THE AICC. THE CHIEF MINISTERS ESTABLISHED A NATIONAL PROCUREMENT TARGET OF 5 MILLION TONS OF RICE OF WHICH 2.9 MILLION TONS WOULD BE FOR THE CONTROL POOL AND 1.65 MILLION TONS OF FALL HARVESTED COARSE GRAINS OF WHICH 600,000 TONS WOULD GO INTO THE CENTRAL POOL. IN FORMER YEARS THE LARGEST PROCUREMENTS OF FALL HARVESTED GRAINS WERE IN 1970-71 WHEN RICE PROCUREMENTS TOTALED 3.2 MILLION TONS OF WHICH 2.08 MILLION TONS WENT TO THE CENTRAL POOL AND COARSE GRAINS PROCUREMENT TOTALED 406,000 TONS OF WHICH 402,000 TONS WENT TO THE CENTRAL POOL. COMPLETE PROCUREMENT DATA ON 1972-73 FALL HARVESTED GRAINS ARE NOT YET AVAILABLE. HOWEVER, INFORMATION CURRENTLY AVAILABLE INDICATES THAT TOTAL RICE PROCUREMENT TO-DATE APPROXIMATES 2.2 MILLION TONS ABOUT ONE HALF OF WHICH WAS FOR THE CENTRAL POOL.

3. MOST OF THE CHIEF MINISTERS DECIDED TO FOLLOW THE USUAL SYSTEM OF IMPOSING A PROCUREMENT LEVY ON RICE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NEW DE 11007 200506Z

PROCESSING PLANTS. SOME CHIEF MINISTERS AGREED TO IMPOSE A PROCUREMENT LEVY ON BOTH PRODUCERS OF RICE AND COARSE GRAINS AND ALSO A PROCUREMENT LEVY ON RICE PROCESSING PLANTS. CHIEF MINISTERS OF ONLY TWO STATES, ASSAM AND KERALA, INDICATED THEIR PLANS TO TAKEOVER ALL WHOLESALE TRADE IN RICE AND TO EXCLUDE PRIVATE WHOLESALERS FROM PARTICIPATING IN RICE TRADE.

4. MOST CHIEF MINISTERS URGED THE CENTER TO FIX THE PROCUREMENT PRICE OF PADDY (ROUGH RICE) FOR THE 1973-74 SEASON BETWEEN RS. 70 AND 75 PER QUINTAL AND OF FALL HARVESTED COARSE GRAINS BETWEEN RS. 66 AND 80 PER QUINTAL. THESE COMPARE WITH A PROCUREMENT PRICE FOR THE 1972-73 SEASON OF RS. 49 TO 58 PER QUINTAL FOR PADDY AND RS. 50 TO 60 PER QUINTAL FOR COARSE GRAINS. AGRICULTURE MINISTER AHMED DELAYED MAKING A FINAL DECISION ON PROCUREMENT PRICES BUT INDICATED A DECISION WOULD BE MADE SOON AND THAT PROCUREMENT PRICES WILL BE WITHIN THE RANGE RECOMMENDED BY THE CHIEF MINISTERS. THE MINISTER ALSO STATED THAT THE RETAIL PRICE OF THESE GRAINS SOLD THROUGH FAIR PRICE SHOPS WILL HAVE TO BE INCREASED FOLLOWING THE INCREASE IN GOVERNMENT PROCUREMENT PRICES.

5. A MAJORITY OF THE CHIEF MINISTERS URGED THE CENTER TO ANNOUNCE A PROCUREMENT PRICE FOR THE 1974 SPRING WHEAT CROP. THEY SUGGESTED A PROCUREMENT PRICE IN THE RANGE OF RS. 95 TO 100 PER QUINTAL COMPARED TO THE 1972-73 PROCUREMENT PRICE OF ABOUT RS. 76 PER QUINTAL. AGRICULTURE MINISTER AHMED PREVAILED UPON THE CHIEF MINISTERS NOT TO INSIST ON FIXING A PROCUREMENT PRICE OF WHEAT NOW BUT AGREED THAT HE WOULD ANNOUNCE A PROCUREMENT PRICE BEFORE THE WHEAT HARVEST BEGINS. ALSO HE PROMISED TO ANNOUNCE SOON A FLOOR PRICE FOR WHEAT WHICH WOULD TAKE INTO ACCOUNT SUGGESTIONS OFFERED BY THE CHIEF MINISTER. ACTUAL PROCUREMENT PRICES CAN BE ABOVE BUT NOT BELOW FLOOR PRICES.

6. ANOTHER IMPORTANT DECISION TAKEN AT THE CONFERENCE WAS THE CENTER'S AGREEMENT FOR STATE FOOD CORPORATIONS TO BE ESTABLISHED IN MYSORE, MADHYA PRADESH, WEST BENGAL, BIHAR AND TAMIL NADU WITH THE UNDERSTANDING THAT THE STATE CORPORATIONS WOULD WORK IN CLOSE COOPERATION WITH THE FOOD LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 NEW DE 11007 200506Z

CORPORATION OF INDIA. IT WAS ALSO AGREED TO CONTINUE THE PRESENT INTER-STATE AND INTER-ZONE RESTRICTIONS ON THE MOVEMENT OF FOODGRAINS.

7. COMMENT: EMBASSY OFFICERS DOUBT IF GRAIN PROCUREMENTS FROM THE APPROACHING FALL HARVEST WILL EXCEED PROCUREMENTS IN 1970-71 WHICH WAS A RECORD YEAR FOR AGRICULTURAL PRODUCTION IN INDIA. EMBASSY OFFICERS ALSO AGREE WITH THE GENERAL VIEWS OF THE CHIEF MINISTERS THAT IF ATTRACTIVE GOVERNMENT PROCUREMENT PRICES FOR THE 1974 SPRING HARVESTED WHEAT CROP COULD BE ANNOUNCED NOW IT MAY SERVE AS AN INCENTIVE FOR FARMERS TO MAXIMIZE PRODUCTION BY ELIMINATING THE PRESENT PRICE UNCERTAINTY.
SCHNEIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, RICE, GRAINS, AGRICULTURAL PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NEWDE11007
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730924/aaaaarrj.tel
Line Count: 168
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: NEW DELHI 10826
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 19 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Dec-2001 by martinml>; APPROVED <10-Jan-2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FALL HARVESTED FOODGRAIN PROCUREMENT POLICY
TAGS: EAGR, IN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005